SENATE TAXATION
EXHIBIT NO. 6
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SB 268

ROCKY BOY'S/NORTH CENTRAL MONTANA REGIONAL WATER SYSTEM

The Chippewa Cree Tribe of the Rocky Boy's Reservation and the State of Montana negotiated a settlement of the Tribe's Water Rights Claims. The Compact, ratified by the 1997 Montana legislature and signed by President Clinton in December of 1999, provides a water allocation to the Tribe from Tiber Reservoir south of Chester.

The legislation authorizing the construction of the Rocky Boy's/North Central Montana Regional Water System was introduced into Congress in April 2001. In December of 2002, the Bill was passed by Congress (see Public Law Number 107-331). The **authorization** was signed by President Bush on December 13, 2002.

The project is located in north central Montana in Chouteau, Glacier, Hill, Liberty, Pondera, Teton and Toole Counties. The project area generally consists of plains-land of North Central Montana in the Marias, Milk, Teton, and Missouri River drainages. A detailed discussion of the environmental resources of the study area is presented in the Rocky Boy's North Central Montana Regional Water System **Environmental Assessment**.

The system consists of a core system, non-core system, and on-reservation water distribution system. The core and on-reservation water distribution system provide water to the Rocky Boy's Reservation and is held in trust by the United States for the Tribe. The non-core system provides wholesale water to the off-reservation systems and is owned by the North Central Montana Regional Water Authority. Existing municipal and rural water district systems currently deliver water to off-reservation users that will receive wholesale water from this project. These existing distribution systems are not part of this project and are not under the control of the Authority or Tribe.

The need for a new regional water system is established on the basis of poor quality drinking water, major water supply constraints and the high costs for compliance with new federal Safe Drinking Water Act (SDWA) regulations. Existing water supplies within the project area include groundwater and surface water. This project, however, will receive water from Tiber Reservoir (Lake Elwell). The Tiber Reservoir water will replace, not supplement, existing water sources.

Goals of the Rocky Boy's/North Central Montana Regional Water System include:

- Ensure a safe and adequate rural, municipal, and industrial water supply for the residents of the Rocky Boy's Reservation; and
- Assist the citizens residing in Chouteau, Glacier, Hill, Liberty, Pondera, Teton, and Toole Counties, but outside the Reservation, in developing a safe and adequate rural, municipal, and industrial water supply.

The current project reflects analysis of each of the proposals and recommendations for additional study presented in the **Value Engineering** study for this project (Reclamation, 2003).

A **Water Conservation Plan** has also been completed as required by the authorizing legislation.

The project cost presented in the Final Engineering Report (HKM, 2004) is $218,005,008 in year 2002 dollars, which is less than the authorized project cost of $229,000,000. The **indexed authorized project cost** is approximately $300,000,000 in year 2007 dollars. **Annual federal appropriations** since authorization in 2002 have totaled approximately $7,000,000.

An economic and environmental **Principles and Guidelines** analysis was performed. The benefits of the federal water supply plan were equal to the cost of the most likely alternative to be implemented.

Construction of the intake in Tiber Reservoir was begun in the fall of 2006.